

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

**BOSTON GAS COMPANY d/b/a KEYSpan ENERGY  
DELIVERY NEW ENGLAND**

**D.T.E. 04-9**

ATTORNEY GENERAL'S FIRST SET OF  
DOCUMENT AND INFORMATION REQUESTS

- AG-1-1 Please provide copies of all contracts currently in effect between EKT or any EKT affiliate and any KeySpan Corporation affiliate.
- AG-1-2 Please provide copies of all amendments to the contract between the Companies and EKT effective April 1, 2003 for gas resource portfolio management and gas sales. The response must include all amendments required by §4.2 of the contract.
- AG-1-3 Please explain the differences in contract scope and pricing between the KeySpan New England/EKT contracts in place prior to April 1, 2003 and the contracts currently in effect.
- AG-1-4 Please provide all analyses supporting the Companies decision to convert (or not to convert) the agreements with EKT to a structure where the Companies manage the resources and purchase their citygate supplies and EKT acts as an advisor.
- AG-1-5 If any other KeySpan affiliates (electric, gas, utility and non-utility) have a contract with EKT, please explain how these contracts may be inter-related and how KeySpan administers and manages the contracts. Discuss whether each affiliate administers and manages its own contracts or are they centrally managed and administered by the service company.
- AG-1-6 Do any of the KeySpan Companies (NY and New England) purchase gas transportation services, storage and/or gas supplies for each other? If yes, please provide the details of all transactions that occurred during the period April 2003 through March 2004. The details should include:
- 1) unit selling price,
  - 2) unit purchase price,
  - 3) total cost of the transaction to the buyer,

- 4) a brief description of the circumstances surrounding the transaction,
- 5) how the transaction is reflected in the buyer's CGA, and
- 6) how the transaction is reflected in the seller's CGA.

- AG-1-7 Please provide a copy of Appendix 2 of the KeySpan/EKT contract.
- AG-1-8 For the period April 2003 through March 2004, please provide the details of each transaction related to every instance where the Companies did not purchase the declared amount of base load gas (peak and off peak). Include the price at which the deficiency, if any, was settled. Explain how the Companies accounted for the deficiency payments for CGA purposes.
- AG-1-9 Please explain whether the Companies purchased any gas above the storage ratchet. If such purchases were made, please provide the cost per MMBtu of each purchase and the storage WACOG for the corresponding month.
- AG-1-10 Please explain each of the separate profit sharing provisions of the contract (§§ 3.2.2 and 4.2). Please provide copies of all correspondence, including but not limited to, internal and external e-mails, letters, memos and reports concerning the profit sharing provisions.
- 1) Please provide copies of all monthly net profit reports and the final accounting for the net profits for the contract year.
  - 2) Explain how the Companies accounted for any shared profits in their CGAs.
  - 3) Has KeySpan audited or does it plan to audit the EKT's determination of the net profits? If no audit has been done and none is planned, please explain. If there has been an audit or one is planned, please provide a copy of the final audit report (when available).
  - 4) Please provide the EKT costs to finance gas in storage, transport and storage variable charges and hedging costs. Explain how each of these costs was determined.
- AG-1-11 How did each of the Companies account for the guaranty payments in their CGAs? If 100% was not flowed through, please explain why it was not.
- AG-1-12 Is EKT required to deliver gas into storage under the terms of the contract? If yes, please indicate which provisions of the contract require that storage actually be physically refilled.

- AG-1-13 Please explain why the Companies required that they maintain firm, unencumbered rights to 25,000 MMBtu per day of Texas Eastern capacity from the production area to M3. §6.1, p. 18.
- AG-1-14 If the Department were not to approve the contract, would KeySpan be responsible for any negative profit payments to EKT? If yes, what would that current obligation be? Provide all supporting documentation.
- AG-1-15 Have the Companies exercised their rights under §10.2? If no, do they plan to and when? If yes, please provide copies of all reports, correspondence, memoranda or other communications discussing the activities, procedures and findings.
- AG-1-16 Refer to Attachment A, RFP, pp. 3-4, Scope of Services. Please explain how EKT has complied with each of the specifications.
- AG-1-17 Refer to Attachment A, RFP, Appendix 1. Please explain how EKT has complied with these requirements. Explain what security and validations procedures are in place to assure the EKT is performing its duties with integrity and accuracy.
- AG-1-18 Provide the current (2004) annual salary and related expense for all KeySpan personnel performing the activities associated with gas supply planning, procurement and dispatch. This data should be consistent with the services underlying the costs currently being collected through the Companies' CGAs. Include the amount that is being collected, on an annual basis through the CGAs for gas supply planning, procurement and dispatch services.
- AG-1-19 As part of the Companies' evaluation of the responses to the RFP, was market power considered? If no, please explain why. If yes, please explain what specific market power analyses were performed.
- AG-1-20 Refer to Attachment B, RFP responses, EKT's response, Appendix 2, p. 13 (bottom) (confidential). Please explain what was meant by the last bullet point sentence appearing on the bottom of the page. List each of the assets referred to by this statement.
- AG-1-21 Refer to Attachment B, RFP responses, EKT's response, Appendix 2, p. 14 (top) (confidential). Please explain what was meant by first bullet point sentence appearing on the top of the page.
- AG-1-22 Refer to Attachment B, RFP responses, EKT's response, Appendix 2, p. 14 (confidential). Please explain what was meant by each of the issues a, b and c listed on the top third of the page. Explain how these points were incorporated in

any EKT/KeySpan contract.

1) Please explain in detail what is mean by the sentence under issue “a” that starts with the acronym “EKT . . .”

2) Please define and explain the acronym that starts with the letter “P” that appears in the second and third sentences under the issue “c.”

AG-1-23      Refer to Attachment B, RFP responses, EKT’s response, Appendix 2, p. 19, § E.1.b (confidential). Describe in detail the RFP described in the second half of the second sentence, and how it relates to the joint entity referenced in that part of the sentence and in last sentence in § b.

May 3, 2004